AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2013

CHAIRMAN'S STATEMENT

Dear Shareholder:

It is with pleasure that I take this opportunity to update shareholders of Amur Minerals Corporation (the "Company") on the Company's successful performance during 2013.

Exploration of our Kun-Manie nickel copper sulphide project in the Russian Far East continues to be the primary focus of the Company. This effort included drilling and delineating mineralisation at the Kubuk anomaly, resulting in a fifth deposit being identified and contributing to a substantial increase in the resources. The Company has also updated the resource estimates at its other four drilled deposits yielding a substantial increase in mineralised tonnage and contained nickel and copper which could substantially improve the economic potential of the project.

2013 Highlights

- Final analytical results of the 2012 drilling programme at Gorny were received in early 2013 and confirmed that Gorny is the fourth deposit discovered at Kun-Manie. Gorny may be a continuation of the Maly Kurumkon/Flangovy deposit located approximately 1.5 kilometres to the west;

- The 2013 drilling programme and analytical results confirmed that Kubuk is the fifth deposit discovered along the Kurumkon trend, with an estimated 20.6 million tonnes of mineralisation averaging 0.58% nickel and 0.16% copper. This equates to 118,900 tonnes of nickel and 32,900 tonnes of copper;

- As a result of the drilling at Kun-Manie since the last resource update in 2007, Amur was able to increase the JORC mineral resource inventory for the project. Within the five distinct deposits located along the Kurumkon trend, the global resource nearly doubled the estimated contained nickel from 341,000 tonnes to 650,600 tonnes, whilst contained copper has increased from 95,500 tonnes to 178,400 tonnes;

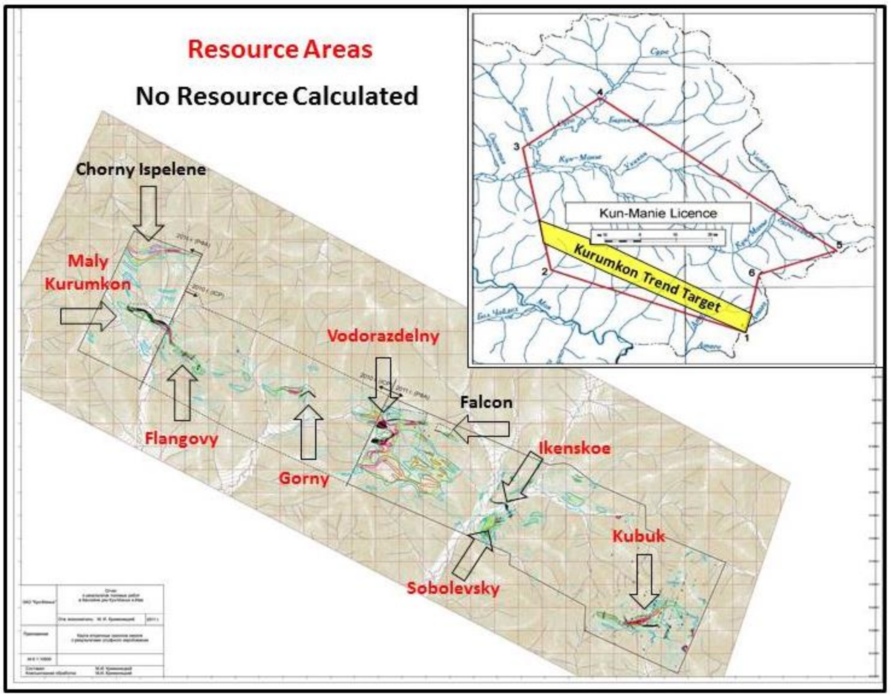
- Subsequent to administrative changes within the licencing system in late 2012, Rosnedra notified the Company of the requisite one-time fee of 24.6 million Roubles (approximately US$751,000) to convert a portion of the exploration licence which contains all drilled resources and the Kubuk area to a mining licence. Concurrent with the notification in May 2013, the Company updated time sensitive documents relating to changes in the administrative structure of the Company to Rosnedra for use in the decision on awarding the mining licence;

- In April 2013 the Lanstead Capital LLP March 2011 placing was fully settled with total proceeds of US$2.3 million. During 2013 the Company received 12 settlements of the February 2012 Lanstead placing totalling US$2.0 million;

- The Company completed an additional fund raising in July 2013 with Lanstead for US$7.9 million (£5.2 million) of which proceeds of US$1.0 million have been received by 31 December 2013. Additionally, at this time a further US$200,000 was placed with institutional investors; and

- The Company is debt free with cash in the bank of US$2.4million as at 31 December 2013, up from US$2.0 million at 31 December 2012.

Exploration



During the early part of 2013 the Company received the final analytical results of the drilling programme at Gorny which was completed in late 2012. The 2012 programme consisted of nine holes totalling 1,484 metres. A total of 18 mineralised intervals averaging 6.4 metres thick were encountered. The average combined intercept thickness per hole is 12.8 metres with average grades of 0.45% nickel and 0.13% copper. Drilling confirmed that Gorny is the fourth deposit discovered at Kun-Manie and could be a continuation of the Maly Kurumkon/Flangovy deposit located approximately 1.5 kilometres to the west. Exploration at Gorny has not defined the limits of the mineralisation.

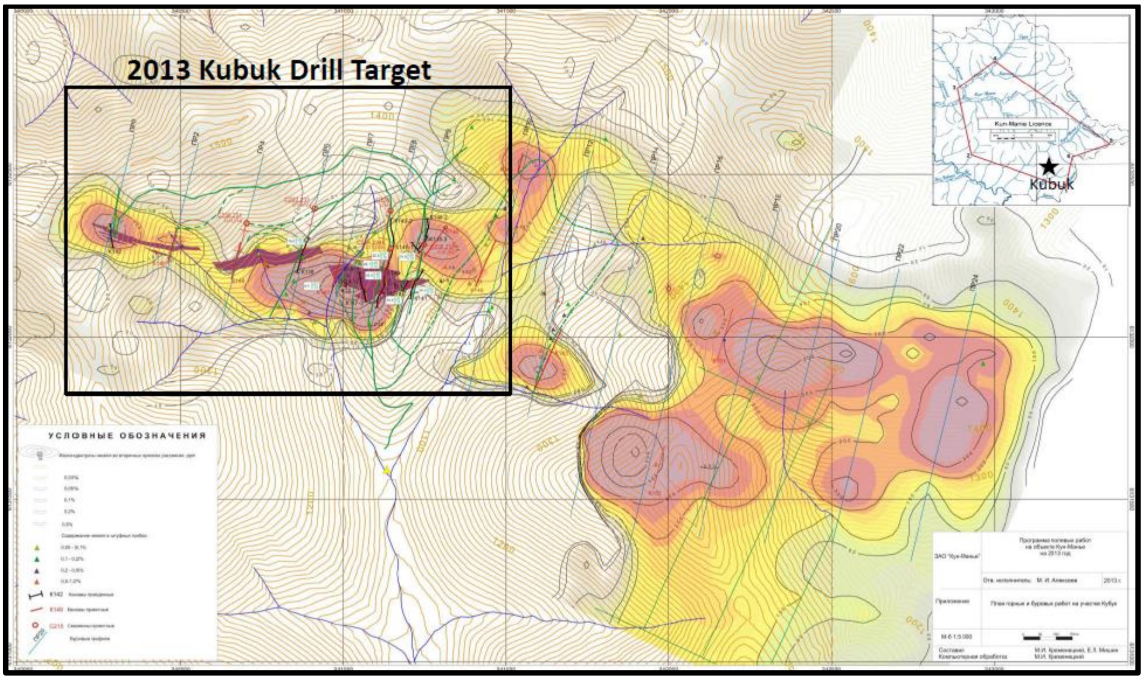
Further analytical results were also received in late Q1 2013 for the 2012 step-out drilling programme at Ikenskoe and consisted of ten holes totalling 1,212 metres which were drilled immediately south and adjacent to the Ikenskoe deposit in an area identified as Sobolevsky. A total of 122.5 metres of nickel and copper mineralisation were intersected in six of the ten holes with average grades of 0.89% nickel and 0.22% copper over an average interval thickness of 17.5 metres.

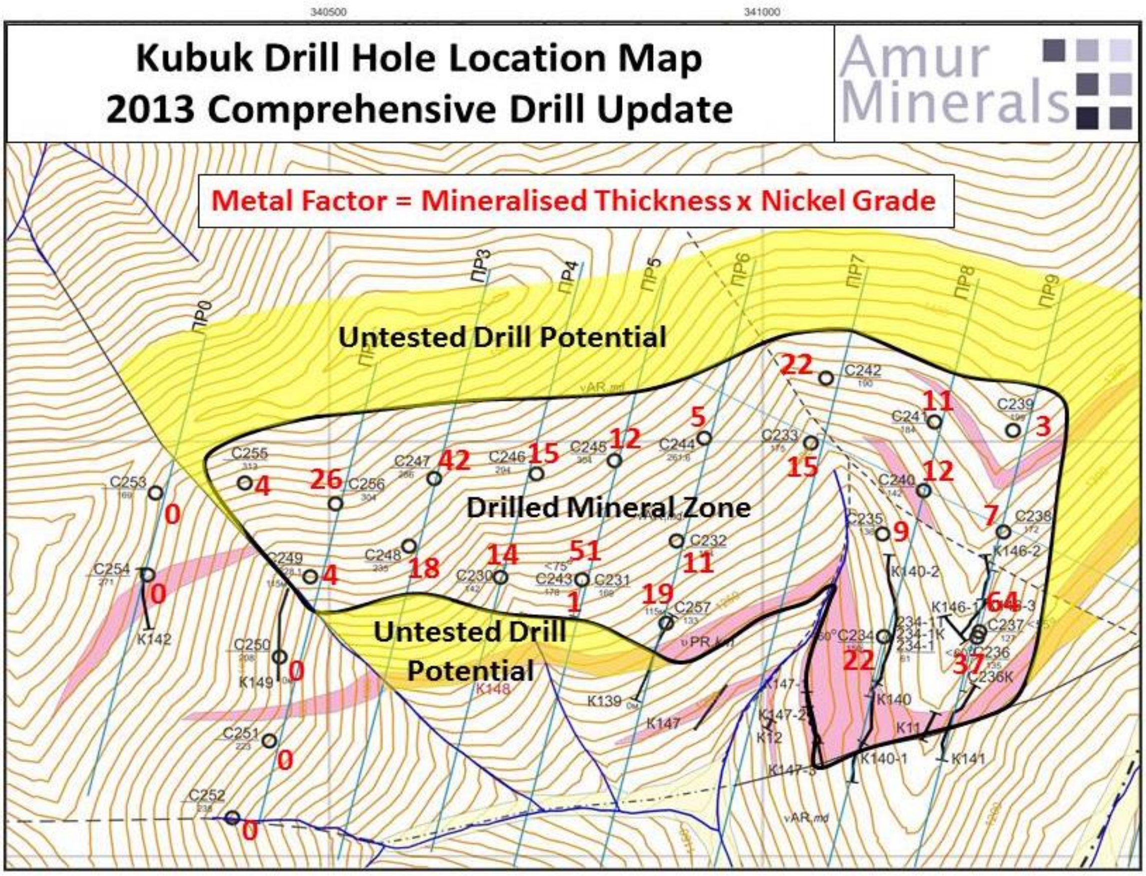
The 2012 drill results along with all other drill data collected since 2007 were forwarded to SRK Consulting (UK) Ltd ("SRK") early in 2013 for the purposes of updating the 2007 JORC resource estimate. The updated resource is discussed in the section below.

The 2013 drilling programme commenced at Kubuk in May 2013, which is one of the largest undrilled anomalies within the exploration licence. The anomaly at Kubuk is 2.5 kilometres in length and was defined using a combination of trenching, soil geochemical and geophysical surveys. Initial drilling, consisting of 12 drill holes with a total of 1,813 metres, showed all holes intercepting disseminated sulphide mineralisation that typically host nickel and copper. The average total intersected mineralised thickness was 28 metres with the average discrete interval intercept being 13.4 metres. The results were better than expected and with these highly positive results, the decision was taken to double the planned drill programme at Kubuk from 2,500 metres and 5,000 metres.

At the end of the field season the Company had completed 32 holes at Kubuk totalling 6,000 metres, successfully defining a fifth deposit to be a minimum of 900 metres in length and up to 400 metres in the dip direction. The analytical results from Alex Stewart Laboratories defined an Inferred resource of 20.6 million tonnes of mineralisation with an average nickel grade of 0.58% and an average copper grade of 0.16%, equating to approximately 118,900 tonnes of contained nickel and 32,900 tonnes of copper. Kubuk represents an open cast mineable target.

Substantial potential to increase the size of the Kubuk deposit remains as drilling has not defined the limits of the mineralisation to the east nor in the down dip direction. Trenching undertaken in the 2011 and 2012 field seasons that are one and a half kilometres to the east of the last drill holes indicate that mineralisation is exposed in outcrops which could well be the same structure drilled during this field season.





Resource Estimate

The Company contracted SRK Consulting (UK) (‘SRK”) to update the JORC compliant mineral resource estimate. The previous estimate had been completed in 2007 by SRK. The update includes the five deposits: Gorny, Maly Kurumkon/Flangovy, Vodorazdelny, Ikenskoe/Sobolevsky and Kubuk. All deposits lie within the area for which the Company has applied for the mining licence.

The new study was initiated in the first half of 2013 and results produced substantial increases in the global resource at Kun-Manie. The expansion in resources was primarily due to step out drilling conducted at Maly Kurumkon in an immediately adjacent area called Flangovy, the drilling at the newly defined Gorny deposit and the identification of Kubuk as an additional deposit.

- Kubuk: Drilling was initiated for the first time during the 2013 field season. The present drill configuration and results on this deposit indicate that step out drilling could expand the size of this deposit in the dip direction and up to one kilometre to the east where trenching has exposed mineralisation. The resources within Kubuk are presently classified as Inferred resources. A total of 20.6 million tonnes of mineralisation are estimated to be present containing an average nickel grade of 0.58% and an average copper grade of 0.16%, equating to approximately 118,900 tonnes of contained nickel and 32,900 tonnes of copper.

- Gorny: Before 2013, no resource had been reported to be present at Gorny. This deposit was discovered after the 2007 pre-feasibility study was completed by SRK. All resources contained within this deposit are classified as Inferred and there is potential to expand its size as the limits of mineralisation have not yet been defined to the east, west or down dip.

- Maly Kurumkon / Flangovy: In-fill and step out drilling immediately to the east of Maly Kurumkon has been completed since 2007. The in-fill drill efforts at Maly Kurumkon have converted a portion of the previously Inferred resources to the higher confidence resource category of Indicated. The Indicated resource now stands at 21.8 million tonnes averaging 0.58% nickel and 0.16% copper. This represents an increase of more than 45% to the Maly Kurumkon Indicated resource category from 2007.

- Vodorazdelny: Infill drilling and extensive trenching resulted in the definition of Measured resources for a portion of this deposit which was previously all classified as Indicated. The total resource now stands at 5.6 million tonnes having an average grade of 0.64% nickel and 0.17% copper. The deposit has been drilled on a sufficient density resulting in all resources being classified as Measured and Indicated. The potential for expansion of the resource in this area is limited.

- Ikenskoe/Sobolevsky: Infill drilling and step out drilling to the south have resulted in a substantial conversion of Indicated resources to Measured resources. This infill drilling has now defined the Measured resource to be 14.9 million tonnes, up from 3.7 million tonnes as defined in 2007. Step out drilling to the south has identified a higher grade area of Inferred resources. This deposit now contained 177,700 tonnes of nickel and 43,800 tonnes of copper. Potential for expansion exists as mineralisation remains open at depth and to the east toward Kubuk.

In addition to the step out drilling programme, the infill drilling efforts since 2007 have resulted in a substantial conversion of the 2007 Indicated Mineral Resource to Measured Resources. This represents a substantial increase in the confidence in the estimated tonnages and grades drilled at Kun-Manie. The new study also confirms that the geometries of the mineralised bodies are highly conducive to the lower cost, open cast mining methods.

The substantial increases in resource and higher metallurgical recoveries resulting from the 2012 SGS Minerals metallurgical test work should positively impact the cash flow models last updated in late 2007 by SRK. The Company is presently updating the operating costs of the 2007 pre-feasibility study to further define and update the cut-off grades of each deposit. This will be followed by optimisation and design studies and the preparation of more detailed production schedules. The study will also look at alternative power generation options, transport design considerations and the potential of producing near final market product on site.

JORC Resource Estimate – 31 December 2013
(zero cut off grade)

Orebody	Tonnage Mt	Ni %	Ni t	Cu %	Cu t	Pt g/t	Pt kg	Pd g/t	Pd kg
Kubuk									
Measured	-	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Inferred	20.6	0.58	118,900	0.16	32,900	0.1	3,000	0.1	2,400
Total	**20.6**	**0.58**	**118,900**	**0.16**	**32,900**	**0.1**	**3,000**	**0.1**	**2,400**
Gorny									
Measured	-	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Inferred	7.6	0.31	23,900	0.09	7,000	0.2	1,600	0.2	1,900
Total	**7.6**	**0.31**	**23,900**	**0.09**	**7,000**	**0.2**	**1,600**	**0.2**	**1,900**
Ikenskoe									
Measured	14.9	0.52	77,100	0.13	19,700	0.2	2,700	0.2	3,000
Indicated	7.7	0.39	29,800	0.10	7,800	0.1	1,100	0.2	1,300
Subtotal	**22.6**	**0.47**	**106,900**	**0.12**	**27,500**	**0.2**	**3,800**	**0.2**	**4,300**
Inferred	11.5	0.62	70,800	0.14	16,300	0.2	2,300	0.2	2,500
Total	**34.1**	**0.52**	**177,700**	**0.13**	**43,800**	**0.2**	**6,100**	**0.2**	**6,800**
Vodorazdelny									
Measured	0.8	0.57	4,700	0.17	1,400	0.3	200	0.3	200
Indicated	4.8	0.66	31,200	0.17	8,200	0.1	600	0.1	600
Subtotal	**5.6**	**0.64**	**35,900**	**0.17**	**9,600**	**0.1**	**800**	**0.1**	**800**
Inferred	-	-	-	-	-	-	-	-	-
Total	**5.6**	**0.64**	**35,900**	**0.17**	**9,600**	**0.1**	**800**	**0.1**	**800**
Maly Krumkon									
Measured	-	-	-	-	-	-	-	-	-
Indicated	21.8	0.58	126,100	0.16	34,900	0.1	2,400	0.1	3,000
Subtotal	**21.8**	**0.58**	**126,100**	**0.16**	**34,900**	**0.1**	**2,400**	**0.1**	**3,000**
Inferred	31.1	0.54	168,100	0.16	50,200	0.1	3,000	0.1	3,100
Total	**52.9**	**0.56**	**294,200**	**0.16**	**85,100**	**0.1**	**5,400**	**0.1**	**6,100**
Total Measured	15.8	0.52	81,800	**0.13**	21,100	**0.2**	2,900	**0.2**	3,200
Total Indicated	34.2	0.55	187,100	**0.15**	50,900	**0.1**	4,100	**0.1**	4,900
Subtotal	**50.1**	**0.54**	**268,900**	**0.14**	**72,000**	**0.1**	**7,000**	**0.1**	**8,100**
Total Inferred	70.7	0.54	391700	**0.15**	106,400	**0.1**	9,900	**0.1**	9,900
Grand Total	**120.8**	**0.54**	**650,600**	**0.15**	**178,400**	**0.1**	**16,900**	**0.1**	**18,000**

Licences

The Company submitted its application for the exploration licence extension at Kun-Manie in May 2012 with the result that a two year extension was granted in November 2012 extending its right to explore to 31 December 2014. Exploration requirements within the exploration licence for 2013 and 2014 have been successfully completed.

In May 2013, Rosnedra notified the Company that a one-time fee of RUR24.6 million (approximately US$751,000) will be due upon granting of the mining licence. The fee is payable 30 days after the final registration and award of the mining licence. To advance the licensing process, various Russian agencies were provided with updated information as of May 2013, specifically including administrative staff changes at the executive level and a new share registry since the original submission of the application for the mining licence is older than 18 months. These updated reports from the various agencies will be used to establish the terms and conditions of the mining licence. Three of the four agencies have completed report updates. Once all documentation is available, Rosnedra will provide a summary of the Company's application for use by Rosnedra's parent agency, the Ministry of Natural Resources. The Ministry of Natural Resources is vested to provide a submission to the Presidential Commission for a final grant of the mining licence. The Presidential Commission typically meets a minimum of twice per annum.

Financial Overview

The Company remained debt free throughout 2013 with cash reserves of US$2.392 million as at 31 December 2013.

During the first half of the year the Company received the last four settlements from the Lanstead Capital LLP (“Lanstead”) financing agreement entered into during March 2011, totalling US$356,000. This brought this financing agreement to completion with total receipts from all 24 settlements of US$2.3 million.

In addition, the Company’s financing agreement with Lanstead entered into with Lanstead in February 2012 received 12 settlements with proceeds of US$2.0 million during the year. The remaining settlements, which when valued at the 31 December 2013 share price of 6.93p, will provide expected proceeds of an additional US$2.4 million.

In July 2013, the Company entered into a further placing for US$7.7 million (£5.0 million) by placing 71.7 million new shares at a placing price of 7.25p per share. The Company received US$1.5 million from Lanstead immediately upon completion of the placing with the remaining US$6.2 million subject to an equity price mechanism. During the year the Company received one settlement with proceeds of US$43,000. The remaining settlements when valued at the 31 December 2013 share price, will provide expected proceeds of US$5.7 million.

Also in July 2013, an additional US$200,000 was placed with institutional investors.

Outlook

Looking to the remainder of an exciting 2014, the Company will continue to be very busy. The key tasks looking forward include the award of the mining licence and an update on the 2007 pre-feasibility study. The updated resources and pending reserve update have demonstrated the continuing progress made by the Company which has only been possible through the on-going dedication of the Amur and Kun-Manie staff. Their hard work has advanced the Kun-Manie project another step closer to a production decision. The Company will continue to work on the mining licence award.

Over the last months and into the foreseeable future, the Company will continue to work on advancing Kun-Manie on several fronts. These can be broadly divided into three areas. These are the on-going activities on site, assessment and development of an updated operating plan for Kun-Manie and obtaining the mining licence.

In March 2014, we completed the ice road construction and restock of Kun-Manie. This effort included the transport of heavy spares which cannot be helicoptered to the site, fuel and staff needed to complete the field plan for 2014. This year’s field plan is related to our exploration requirements where reclamation of areas that have been proven to be barren of mineral are reclaimed. This effort is focused on those areas external to the applied for mining (production) licence area. Concurrent with reclamation, we are constructing in fill drill sites targeting the conversion of Inferred resources to Indicated resources. Presently, no drilling is planned for this season unless the mining licence is awarded and there are favourable weather conditions allowing for drilling to be undertaken. This decision to not drill at this time has been undertaken as the current resource inventory is substantial and capable of sustaining the planned operation.

Since the 2007 issuance of the SRK Consulting Ltd Pre-feasibility Study, we have been able to report continual success on the project. This has included resource expansion and the discovery of two new deposits. SGS Minerals Ltd has reported that we can recover higher amounts of all of the contained metals at Kun-Manie. The reduction of the royalty tax in early production years and the removal of the net profits tax for the first five years of production are highly beneficial to the Company. Globally, all of these are adding value to the project.

With all the positive considerations, we implemented a comprehensive review of the technical and economic parameters of the project. This is being led by Mr. AEJ Swanson, our resident COO in Khabarovsk. His 46 years of experience within the mining industry have been invaluable in our update to the project. Work has been on-going since early this year and we can report that operating and capital costs have been updated to reflect Q1 2014 costs. These higher costs are being utilised to update an internally compiled document for the Company. A comprehensive redesign of potential operation is underway and nearing completion. We look forward to releasing the new design, results and plans for advancing Kun-Manie.

As stated in our section on licencing, we continue to co-ordinate with Russian authorities on obtaining the production licence and have employed Russian fluent Mr. Randolph Lewis based full time in Moscow. This is providing us with a constant presence allowing for immediate and rapid response to questions and queries from the ministries responsible for issuance of the licence. His proven track record of more than 10 years in Russia and having obtained a mining licence for another Russian junior explorer is a positive addition supporting Mr. Robin Young. With this increased presence the Company has further increased its contacts and support to be adding further to those of our CEO. This is obviously a high priority activity for the Company and the Board is optimistic that the Company will receive its mining licence.

Mr. Robert W. Schafer
Non Executive Chairman
27 June 2014

The Directors present their annual report and the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The Group's principal activity during the year was that of mineral exploration and development. A full review of the activity of the business and of future prospects is contained in the Chairman's Statement which accompanies these financial statements.

RESULTS AND DIVIDENDS

The results for the year are disclosed in the Statement of Comprehensive Income on page 16. The Directors do not recommend payment of a dividend for the year (2012: nil).

DIRECTORS

The number of Directors as at 31 December 2013 was 3 (2012: 3). Details of Directors remuneration and other interests are detailed in note 16.

LISTING

The Company's ordinary shares have been traded on London's Alternative Investment Market (AIM) since 15 March 2006. SP Angel Corporate Finance LLP is the Company's Nominated Adviser and Broker. The share price at 31 December 2013 was 6.93p.

GOING CONCERN

The Group operates as a natural resources exploration and development company. To date, the Group has not earned significant revenues and is considered to be in the exploration and development stage. The Directors anticipate that a mining licence will eventually be granted for the Kun-Manie deposit, but cannot estimate a date for commercial production to commence.

The Directors have prepared a cash flow projection for period to July 2015 which indicates that the Group is sufficiently funded by its current financial resources, which comprise cash and derivative financial assets, for the next 12 months. The Directors therefore consider the Group to be a going concern and have prepared the financial statements on that basis.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the Group's business and the execution of its strategy are subject to a number of risks. Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, the overall impact of such events may compound the possible adverse effects on the Group.

The key financial risks affecting the Group are set out in note 19 to the financial statements. The key operating risks affecting the Group are set out below.

The Group's licences

The Group's activities are dependent upon the grant and renewal of appropriate licences, permits and regulatory consents. The Group's primary exploration licence was extended in November 2012 and is currently valid until 31 December 2014. The licence contains a range of obligations which at present have all been met. Failure to comply with the terms of the licence, or negotiating appropriate amendments to licence agreements could result in penalties being levied or the suspension or revocation of the licence.

The Company utilises the legal services of Norton Rose Fulbright in Moscow. All documentation and filings are reviewed by Norton Rose Fulbright to ensure that communications, filings and any other required contacts maintain conformity with the regulatory agencies of the Russian Federation.

Project development risks
Resource estimates are based upon the interpretation of geological data. Project feasibility studies derive estimates of operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates and other factors. As a result, actual operating costs and economic returns may differ from those currently estimated.

The scale of the project mandates that all work should be conducted by Russian experienced, independent and internationally recognised companies in all areas of proposed and actual project development. Any internally generated studies are held confidentially within the Company until an independent and qualified group, company or experts have reviewed, commented and confirm the results of Company work.

Project work must be undertaken by Russian Federation approved agencies prior to the approval of any study, preproduction, construction and operational approvals are granted. The Company adheres to these regulatory statutes.

Reserve and resource estimates
Reserve and resource estimates may require revision based on actual production experience. The volume and grade of reserves mined and processed and recovery rates achieved may vary from those anticipated and a decline in the market price of metals may render reserves containing relatively lower grades of nickel and copper mineralisation uneconomic.

Resources and reserves are independently calculated by internationally recognised organisations to JORC standards. Information related to the calculation of such estimates is based on reports from external companies experienced in metallurgical and processing work as well as the evaluation of long term metal pricing where the Company utilises information provided by external organisations. As the Company is not in production at this time, actual production results cannot be utilised to verify predicted resources and reserves.

The Russian Federation requires a separate assessment of reserves and does not recognise resources which are not contained within a mine plan based on a Russian certified study calculated by a qualified agency or organisation. Final reserve numbers are audited by the State Commission on Mineral Reserves who is responsible for tracking and certifying all reserve estimates within the Russian Federation.

Environmental issues
The Group's operations are subject to environmental regulation, including environmental impact assessments and permitting. Russian environmental legislation comprises numerous federal and regional regulations which are not fully harmonised and may not be consistently interpreted.

The Company utilises Equator Principle standards with regard to its monitoring and maintenance of environmental protection. These standards are among the highest in the world and implementation of such standards is required when international financing of a project is undertaken. By utilising the highest level of standard, the Company meets both Russian and International standards.

On an internal Russian Federation basis, the Company is inspected on an annual basis to ensure that the Company is performing and maintaining protection of the environment. The Company employs three individuals to ensure that all work is done to and ultimately approved by the appropriate Russian authorities and organisations.

Nickel price volatility
The net present value of the Group's capitalised exploration assets is directly related to the long-term price of nickel. The market price of nickel is volatile and is affected by numerous factors which are beyond the Company's control. These factors include world production levels, international economic trends, currency exchange fluctuations and industrial demand.

The Company regularly reviews expected nickel and copper prices from internationally recognised expert sources and assesses the economic viability of its project based upon long term trends and surveys compiled by several resource groups specialised in long term price projection. Nickel and copper price sensitivity is built into the Company's economic models. Presently, the long term project price for nickel in 2013 USD is $9.50 per pound and is $2.75 per pound for copper and is based on a consensus survey of approximately 20 specialised banking institutions. All study work currently utilises prices of $7.50 and $1.50 for nickel and copper respectively.

Political and economic risks

The Group's assets are located in Russia which is still undergoing a substantial transformation from a centrally controlled command economy to a market-driven economy. In addition, in view of the legal and regulatory regime in Russia, legal inconsistencies may arise.

The Company utilises its Moscow based legal representatives of Norton Rose Fulbright and conducts periodic meetings to review changes in the legal and regulatory regime. The updates are typically undertaken on a 60 day basis. In addition, the Company is a member of the Mining Advisory Council which consistently works with Russian authorities to assist in the understanding of regulatory constraints and assists in the modification of legislation designed to clarify inconsistencies in legislation and interpretation of the law.

The regulatory environment

The Group's activities are subject to extensive federal and regional laws and regulations governing various matters, including licensing, production, taxes, mine safety, labour standards, occupational health and safety and environmental protections. Amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation or interpretation of these laws and regulations could have a material adverse impact on the Group, cause a reduction in levels of production and delay or prevent the development or expansion of the Group's properties in Russia.

The Company utilises its Moscow legal team of Norton Rose Fulbright to monitor changes to the regulatory system. In addition, the Mining Advisory Council also participates in reviews and working with the governmental groups responsible for regulatory control and the authoring of new legislation. Proactively, the Company assesses the potential impact of any proposed modifications and is dynamically changing Company policies and approaches to match the Russian regulatory environment. Often planning and work is completed in advance of changes when they are identifiable and could impact exploration and operations.

Taxation

Russian tax legislation has been subject to frequent change and some of the laws relating to taxes to which the Group is subject are relatively new. The government's implementation of such legislation, and the courts' interpretation thereof, has been often unclear or non-existent, with few precedents established. Differing opinions regarding legal interpretation may exist both among and within government ministries and organisations and various local inspectorates. The introduction of new tax provisions may affect the Group's overall tax efficiency and may result in significant additional tax liability.

The Company continually assesses the tax regime and utilised experienced local staff and state agencies in submission of taxes at all levels. This includes personal taxes, social taxes and any other taxes that the Company must pay on behalf of its employees. These documents and approaches are reviewed by the tax authorities on an annual basis and modifications are undertaken as required.

It is important to note that the Russian Government has approved regulations exempting profits tax on organisations that intend to construct projects wherein the capital expenditure exceeds 5.0 million USD. The waiver is implemented and the Company currently utilises the current rate of 20% for conservative reasons. With the new structure set into the tax code, the Company could have a 10 year tax holiday on its operation and plans to update future results reflecting the newly implemented regulations.

Russia's physical infrastructure
Some of Russia's physical infrastructure is in poor condition. This may disrupt the transportation of supplies, add to costs and interrupt operations, with a potentially material adverse effect on the Group's business.

The Company's project is remotely located and will need to construct an access road of about 350 kilometres from the Baikal Amur rail line. As the Company and potentially other organisations work in the greenfield area where limited access and power is present, the Company's position is that we will have to construct roads and potentially a power line to the site on a standalone basis. Planning is done on a worst case basis and assumes nothing is available. Using this basis, costing related to infrastructure is not as relevant. In the Company's case, roads do already exist in the area but will require substantial upgrading.

DONATIONS
The Company has not made any charitable or political donations during the year (2012: nil).

AUDITORS
All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Approved by the Board of Directors and signed on behalf of the Board on 27 June 2014.

Robert W. Schafer
Chairman
27 June 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors are responsible for preparing the Directors' report and the financial statements for the Group. The Directors have prepared the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

The Directors have chosen to use the International Financial Reporting Standards as adopted by the European Union (IFRS) in preparing the Group's financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of financial statements.

International Accounting Standards requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the group has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website, in addition to being mailed to shareholders, financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Robin Young	Brian Savage
Director	Director
27 June 2014	27 June 2014

To the members of Amur Minerals Corporation

We have audited the financial statements of Amur Minerals Corporation for the year ended 31 December 2013 which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members, as a body in accordance with our engagement letter dated 27 March 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' responsibility for the financial statements

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (as issued by the International Federation of Accountants (IFAC)). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design appropriate audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on financial statements

In our opinion:

- the financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and its cash flows for the year then ended; and
- have been prepared in accordance with IFRS as adopted by the European Union.

Emphasis of matter – grant of mining licence

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in note 1 to the financial statements concerning the outcome of the licence application at Kun-Manie. Since acquiring the licence in 2004 the Group has met all of the requirements of the exploration licence and applied for a mining licence in 2010. The realisation of the historic costs incurred to date in the exploration assets is dependent upon the successful application for a mining licence which has not yet been granted. The ultimate outcome of this matter cannot presently be determined.

Opinion on other matters

We read the other information contained in annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Directors' report. In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BDO LLP
Chartered Accountants
55 Baker Street
London W1U 7EU
United Kingdom

Date: 27 June 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2013
(Amounts in '000s US Dollars)

	Notes	31 December 2013	31 December 2012
NON-CURRENT ASSETS			
Capitalised exploration costs	5	18,318	17,084
Property, plant and equipment	5	637	844
Total non-current assets		**18,955**	**17,928**
CURRENT ASSETS			
Other receivables	9	188	330
Inventories	7	269	224
Derivative financial asset	8	8,225	5,787
Cash and cash equivalents		2,392	2,048
Total current assets		**11,074**	**8,389**
Total assets		**30,029**	**26,317**
CURRENT LIABILITIES			
Trade and other payables	6	123	119
Total current liabilities		**123**	**119**
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	11	48,949	40,902
Share premium	11	6,473	6,613
Share options reserve	11	2,086	1,256
Retained deficit	11	(23,802)	(20,135)
Foreign currency translation reserve	11	(3,800)	(2,438)
Total equity		**29,906**	**26,198**
Total liabilities and equity		**30,029**	**26,317**

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2014 and were signed on its behalf by:

Robin Young   Brian Savage

The accompanying notes on pages 19 to 37 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013
(Amounts in '000s US Dollars)

	Note	Year ended 31 December 2013	Year ended 31 December 2012
Administrative expenses	13	(2,539)	(1,750)
Loss from operations		**(2,539)**	**(1,750)**
Finance expense	14	(1,141)	(1,813)
Fair value movement on derivative financial assets	8	(151)	(435)
Loss before tax		**(3,831)**	**(3,998)**
Taxation	10	-	-
Loss for the year attributable to owners of the parent		**(3,831)**	**(3,998)**
Other Comprehensive income:			
Exchange differences on translation of foreign operations		**(1,362)**	**629**
Other comprehensive income for the year, net of tax		**(1,362)**	**629**
Total comprehensive income for the year attributable to owners of the parent		**(5,193)**	**(3,369)**
Loss per share: basic & diluted	15	US$(0.009)	US$(0.012)

The accompanying notes on pages 19 to 37 form an integral part of these financial statements.

AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013
(Amounts in '000s US Dollars)

	Note	Year ended 31 December 2013	Year ended 31 December 2012
Cash flow from operating activities:			
Payments to suppliers and employees		(1,556)	(1,190)
Net cash used in operating activities		(1,556)	(1,190)
Cash flow from investing activities:			
Payments for property, plant and equipment	5	(70)	(693)
Payments for capitalised expenditure	5	(2,245)	(2,789)
Net cash used in investing activities		(2,315)	(3,482)
Cash flow from financing activities:			
Proceeds from issue of equity shares (net of issue costs)		1,832	533
Settlement of derivative financial asset	8	3,551	3,445
Finance expense	14	(1,141)	(1,813)
Net cash from financing activities		4,242	2,165
Net change in cash and cash equivalents		**371**	**(2,507)**
Cash and cash equivalents at the beginning of the year		2,048	4,436
Foreign exchange effects		(27)	119
Cash and cash equivalents at the end of the year		**2,392**	**2,048**

The accompanying notes on pages 19 to 37 form an integral part of these financial statements.

AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013
(Amounts in '000s US Dollars)

	Share capital	Share premium account	Share Options Reserve	Retained deficit	Foreign Currency Translation Reserve	Total
Balance at 31 December 2011	**32,265**	**7,071**	**1,604**	**(16,686)**	**(3,067)**	**21,187**
Loss for the year	-	-	-	(3,998)	-	**(3,998)**
Other comprehensive income for the year	-	-	-	-	629	**629**
Total comprehensive income	-	-	-	(3,998)	629	**(3,369)**
Shares issued	8,637	-	-	-	-	**8,637**
Share options expired in the period	-	-	(549)	549	-	**-**
Equity settled share based payments	-	-	201	-	-	**201**
Costs associated with issue of share capital	-	(458)	-	-	-	**(458)**
Balance at 31 December 2012	**40,902**	**6,613**	**1,256**	**(20,135)**	**(2,438)**	**26,198**
Loss for the year	-	-	-	(3,831)	-	**(3,831)**
Other comprehensive income for the year	-	-	-	-	(1,362)	**(1,362)**
Total comprehensive income	-	-	-	(3,831)	(1,362)	**(5,193)**
Shares issued	8,047	-	-	-	-	**8,047**
Share options expired in the period	-	-	(164)	164	-	**-**
Equity settled share based payments	-	-	871	-	-	**871**
Equity settled share based payments associated with issue of shares	-	(123)	123	-	-	**-**
Costs associated with issue of share capital	-	(17)	-	-	-	**(17)**
Balance at 31 December 2013	**48,949**	**6,473**	**2,086**	**(23,802)**	**(3,800)**	**29,906**

The accompanying notes on pages 19 to 37 form an integral part of these financial statements.

1. GENERAL

Amur Minerals Corporation ("Company") is incorporated under the British Virgin Islands Business Companies Act 2004. The Company and its subsidiaries ("Group") locates, evaluates, acquires, explores and develops mineral properties and projects in the Russian Far East.

The Company's registered office is located at Kingston Chambers, P.O. Box 173, Road Town, Tortola, British Virgin Islands. The average number of employees for the Group for the period to 31 December 2013 was 42 (2012: 49 employees).

The Company is the 100% owner of a Cypriot company called Irosta Trading Limited ("Irosta"). Irosta holds 100% of the shares in ZAO Kun-Manie ("Kun-Manie"), which holds the Group's mineral licences.
The Group includes the following companies as at 31 December 2013 and 31 December 2012:

	Country of Incorporation	Percentage Holding	Principal Activities
Amur Minerals Corporation	British Virgin Islands	Parent Company	Investment Holding Company
Irosta Trading Limited	Cyprus	100%	Investment Holding Company
ZAO Kun – Manie	Russia	100%	Exploration & mining Company

The Group's principal place of business is in the Russian Federation.

The Group's principal asset is Kun-Manie exploration licence, which was originally issued in 2004 to explore for nickel, copper and associated elements initially until 31 December 2008. The Group subsequently received further three 2-year extensions of the exploration licence with the final extension expiring on 31 December 2014.

The State Committee of Reserves has approved Russian classification C1 + C2 reserves of 203,900 tons of nickel at Kun-Manie in December 2008. Subsequently the Group received a Certificate of Discovery and in June 2014 Amurnedra, the local licencing authority, completed its review of the Group's exploration works on its Kun-Manie Project and issued a Protocol confirming that the current exploration phase of the Kun-Manie Project is now complete.

This Protocol is key to the conversion of a Federally Strategic Project held as an exploration licence to that of a production licence and allows for removal of unwanted areas wherein mineralisation has not been discovered. ZAO Kun-Manie has applied for a 20-year mining licence at Kun-Manie and a decision from the authorities is pending.

While significant progress has been made in obtaining the mining licence covering 36 square kilometres and Directors are confident that the full production permit will be granted, at present the final outcome remains uncertain.

In December 2007 SRK Consulting completed an independent pre-feasibility assessment of the Vodorazdelny, Ikenskoe and Maly Krumkon areas of the Kun-Manie licence, based on the analytical results from the exploration data set for all holes and trenches that had been completed over the exploration life of the project, inclusive of the work undertaken and results obtained during the 2006 exploration field season for Vodorazdelny and Ikenskoe and 2007 for Maly Krumkon. SRK Consulting is a global entity specialising in the assessment of mining resources. SRK reports a net present value for the project using a discount rate of 10% of US$84 million.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been presented in thousands of United States Dollars and prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The principal accounting policies adopted in the preparation of the financial statements are set out in note 3 to these financial statements. The policies have been consistently applied to all the years presented, unless otherwise stated.

b) Going concern

These consolidated annual financial statements are prepared on a going concern basis.

The Group operates as a natural resources exploration and development company. To date, the Group has not earned significant revenues and is considered to be in the exploration and development stage. The Directors anticipate that a mining licence will eventually be granted for the Kun-Manie deposit, but cannot estimate a date for commercial production to commence.

The Directors have prepared a cash flow projection for period to July 2015 which indicates that the Group is sufficiently funded by its current financial resources, which comprise cash and derivative financial assets, for the next 12 months. The Directors therefore consider the Group to be a going concern and have prepared the financial statements on that basis.

c) Basis of consolidation

The consolidated financial statements of the Group include the accounts of Amur Minerals Corporation and its subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies and financial year ends of its subsidiaries are consistent with those applied by the Company. These consolidated financial statements include accounts of the Company and its subsidiaries as set out in note 1.

The Company's Russian subsidiary maintains its books and records in accordance with accounting principles and practices mandated by Russian Accounting Regulations. These records have been adjusted to comply with IFRS for the purposes of preparing these consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated financial statements, are disclosed in this note in section (n).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of revision and future periods if the revision affects both current and future periods. The estimates and underlying assumptions are reviewed on an ongoing basis.

A number of new and revised standards and amendments to existing standards were applicable from 1 January 2013. The adoption of these amendments did not have a material impact on the Group's financial statements for the year ended 31 December 2013.

(Amounts in '000s US Dollars)

Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Standard	**Description**	**Effective date**
IFRS 10	Consolidated Financial Statements	1 Jan 2014
IFRS 11	Joint Arrangements	1 Jan 2014
IFRS 12	Disclosure of Interests in Other Entities	1 Jan 2014
IAS 27 (Amendment 2011)	Separate Financial Statements	1 Jan 2014
IAS 28 (Amendment 2011)	Investments in Associates and Joint Ventures	1 Jan 2014
IAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 Jan 2014
IAS 36 (Amendment)	Recoverable amounts disclosures for non-financial assets	1 Jan 2014
IAS 39 (Amendment)	Novation of Derivatives andContinuation of Hedge Accounting	1 Jan 2014
IFRS 9*	Financial Instruments	To be confirmed
IAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions	1 Jul 2014*
IFRIC 21	Interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets on the Accounting for levies imposed by governments.	1 Jan 2014*
Annual Improvements to IFRSs	2010-2012 Cycle	1 Jul 2014*
Annual Improvements to IFRSs	2011-2013 Cycle	1 Jul 2014*

All the amendments and interpretations are not expected to materially affect the Group's reporting or reported numbers.

* Not yet endorsed by European Union.

a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial information is presented in US dollars ($), which is the functional and presentation currency of the Company. The functional currency of the Group's operating subsidiary is the Russian Rouble. The exchange rate on 31 December 2013 was $1:RUB 32.77 (2012: $1:RUB 30.44), with the average rates applied to transactions during the year of $1:RUB 31.82 (2012: $1:RUB 30.99).

In preparing the financial statement of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Exchange differences arising on the settlement and on the retranslation of monetary items are included in profit or loss for the period.

On consolidation, the results of overseas operations are translated into US Dollars at rates approximating to those when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

b) Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the Chief Executive Officer, Chief Financial Officer and the other executive and non-executive Board Members.

The operating results of each of these segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and to assess their performance.

The accounting policies of these segments are in line with those set out in these notes.

c) Exploration and evaluation assets

When the Group incurs expenditure on mining properties that have not reached the stage of commercial production, the costs of acquiring the rights to such mineral properties and related exploration and evaluation costs, including directly attributable employment costs, are deferred where the expected recovery of costs is considered probable by the successful exploitation or sale of the asset. General overheads are expensed immediately. Depreciation on fixed assets used on exploration and evaluation projects is charged to deferred costs whilst the projects are in progress.

Where a feasibility study indicates that the future recovery of costs is not probable, full provision is made in respect of any deferred costs. Where mining properties are abandoned, deferred expenditure is written off in full.

Deferred exploration and evaluation costs are assessed at each reporting date to determine whether there are indicators that the asset may be impaired. If any such indicator exists, a review for impairment is conducted by estimating the recoverable amount by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher. If the recoverable amount is less than the carrying value of an asset, an impairment loss is recognised.

Individual mining properties are considered to be separate cash generating units for this purpose, except where they would be operated together as a single mining business.

The amounts shown as deferred exploration and evaluation expenditure represent costs incurred and do not necessarily reflect present or future values.

d) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life as follows:

	Useful life (years)
Motor vehicles	2
Office and computer equipment	3-8
Heavy machinery	5-7

The costs of maintenance, repairs and replacement of minor items of property, plant and equipment are charged to profit or loss.

e) Inventories

Inventories are stated at the lower of cost and net realisable value and comprise mainly fuel, materials and spare parts. Costs comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

f) Leased Assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to profit or loss on a straight-line basis over the lease term.

g) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Taxable profit differs from net profit as reported due to income tax effects of permanent and temporary differences. Non-profit based taxes are included within administrative expenses.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

h) Costs associated with the issue of share capital

Costs which are directly attributable to the issue of new shares, net of any taxes, are set off against share premium.

i) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in Note 12.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

j) Financial Assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its assets as held to maturity.

Loans and Receivables

Other receivables: - these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value and subsequently carried at amortised cost, using the effective interest rate method, less any provision for impairment. If the need for impairment of a receivable arises, the value of provision, representing the expected loss from not being able to recover such a receivable, is recognised in administrative expenses.

Cash and cash equivalents: - these assets comprise cash, short term deposits and investments in money market funds. Short term deposits comprise deposits made for varying periods of between one day and three months.

Fair value through profit or loss

This category comprises only Lanstead derivative (note 8) which is carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

k) Financial Liabilities

The Group's financial liabilities only comprise other financial liabilities which include trade payables and other short-term monetary liabilities. These are initially measured at fair value and subsequently recognised at amortised cost using effective interest rate method.

l) Fair value measurement hierarchy

The Group classifies its financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (note 19). The fair value hierarchy has the following levels:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2);
c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within the financial asset or financial liability is determined on the basis of the lowest level input that is significant to the fair value measurement.

m) Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The ordinary shares are classified as equity instruments.

n) Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires management to make estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within next financial year are discussed below:

Accounting estimates and assumptions

i. Recoverability of the exploration and evaluation assets

The most significant assumption in the preparation of these financial statements relates to the recoverability of capitalised exploration costs included in non-current assets.

The recoverability of the amounts shown in the Group statement of financial position in relation to deferred exploration and evaluation expenditure are dependent upon the discovery of economically recoverable reserves, continuation of the Group's interests in the underlying mining claims, the political, economic and legislative stability of the regions in which the Group operates, compliance with the terms of the relevant mineral rights licences, the Group's ability to obtain the necessary financing to fulfil its obligations as they arise and upon future profitable production or proceeds from the disposal of properties.

Management have prepared a cash flow forecast, estimating costs of development of the mine and net profits once the mine has been put into operation. The main amounts and estimates required in calculating the future cash flows are:

- Development costs to date of operations
- Future sale price of metals extracted
- Amount of reserves available for extraction

Based on the cash flow forecast prepared, there is no impairment of the capitalised expenditure to date. However, the exploration is still at an early stage and a change in any of the above areas could result in a significant impact on the estimated future cash flows.

ii. Russian business environment

The accompanying financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment. The impact of such differences on the operations and the financial position of the Group may be significant.

Accounting judgements

i. Share-based payments

The Company makes equity-settled share-based payments to certain Group employees and advisers. Equity-settled share-based payments are measured at fair value using a Black-Scholes valuation model at the date of grant based on certain assumptions. Those assumptions are described in the notes to the accounts and include, among others, expected, volatility, expected life of the options and number of options expected to vest. More details including carrying values are disclosed in note 12 to the accounts.

ii. Valuation of derivative financial asset

The Company and Lanstead Capital L.P. have entered into an equity swap agreement in respect of the share placings as detailed in note 8 for which consideration will be received on a monthly basis over 24 months period. The amount to be received each month is dependent on the Company's share price at the end of each month. The Directors have made assumptions in their financial statements about the quantum of the funds receivable at the yearend however there is significant uncertainty underlying these assumptions due to the unpredictable nature of the share prices.

(Amounts in '000s US Dollars)

4. SEGMENT REPORTING

The Group has one reportable segment being Kun-Manie which is involved in the exploration for minerals within the Kun-Manie licence areas in Russia.

The operating results of this segment is regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and assess the performance.

As the Group has no revenue, the following is an analysis of the Group's results from continuing operations by reportable segment.

Reportable information as at 31 December 2013

	Corporate (Unallocated)	**Kun-Manie**	**Total**
Administrative expenses	(2,111)	(428)	**(2,539)**
Finance income	-	-	**-**
Finance expense	(1,141)	-	**(1,141)**
Fair value (loss)/gain on derivative financial asset	(151)	-	**(151)**
Taxation	-	-	**-**
Loss for the year	**(3,403)**	**(428)**	**(3,831)**
Non-current assets	1,010	17,945	**18,955**
Inventories	-	269	**269**
Derivative financial asset	8,225	-	**8,225**
Trade and other receivables	23	165	**188**
Cash and cash equivalents	2,263	129	**2,392**
Segment assets	**11,521**	**18,508**	**30,029**
Trade and other payables	(83)	(40)	**(123)**
Segment liabilities	**(83)**	**(40)**	**(123)**
Segment net assets	**11,438**	**18,468**	**29,906**
Property, plant and equipment capital expenditure	**-**	**70**	**70**
Exploration capital expenditure	**-**	**2,245**	**2,245**

Reportable information as at 31 December 2012

	Corporate (Unallocated)	**Kun-Manie**	**Total**
Administrative expenses	(1,422)	(328)	**(1,750)**
Finance income	-	-	**-**
Finance expense	(1,813)	-	**(1,813)**
Fair value (loss)/gain on derivative financial asset	(435)	-	**(435)**
Taxation	-	-	**-**
Loss for the year	**(3,670)**	**(328)**	**(3,998)**
Non-current assets	870	17,058	**17,928**
Inventories	-	224	**224**
Derivative financial asset	5,787	-	**5,787**
Trade and other receivables	59	271	**330**
Cash and cash equivalents	1,927	121	**2,048**
Segment assets	**8,643**	**17,674**	**26,317**
Trade and other payables	(87)	(32)	**(119)**
Segment liabilities	**(87)**	**(32)**	**(119)**
Segment net assets	**8,556**	**17,642**	**26,198**
Property, plant and equipment capital expenditure	**-**	**693**	**693**
Exploration capital expenditure	**-**	**2,782**	**2,782**

(Amounts in '000s US Dollars)

The accounting policies of the reportable segment are the same as the Group's accounting policies described in note 3. Segment loss represents the loss incurred by the segment without allocation of central administration costs and Directors' salaries and finance income or costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

5. CAPITALISED EXPLORATION COSTS AND PROPERTY, PLANT AND EQUIPMENT

	Vehicles and office & computer equipment	Exploration and evaluation assets	Total
Cost:			
At 1 January 2012	**1,070**	**13,503**	**14,573**
Additions	693	2,789	3,482
Foreign exchange differences	57	792	849
At 31 December 2012	**1,820**	**17,084**	**18,904**
Additions	70	2,245	2,315
Foreign exchange differences	(129)	(1,011)	(1,140)
At 31 December 2013	**1,761**	**18,318**	**20,079**
Accumulated depreciation:			
At 1 January 2012	**670**	**-**	**670**
Charge for the year	270	-	270
Disposals	-	-	-
Foreign exchange differences	36	-	36
		-	
At 31 December 2012	**976**	**-**	**976**
Charge for the year	232	-	232
Foreign exchange differences	(84)	-	(84)
At 31 December 2013	**1,124**	**-**	**1,124**
Net book value:			
At 31 December 2013	**637**	**18,318**	**18,955**
At 31 December 2012	844	17,084	17,928
At 1 January 2012	400	13,503	13,903

Exploration and evaluation costs
Exploration and evaluation assets relate to the Group's mineral exploration licence, Kun-Manie. During the year US$1,068,000 (2012: US$1,282,000) of salaries and wages and US$237,000 (2012: US$268,000) of depreciation were capitalised to the exploration and evaluation asset.

In September 2010 the Kun-Manie exploration licence was extended until 31 December 2012. In November 2012 the Group received a further extension of the exploration licence until 31 December 2014.

An application for a mining licence has been made in relation to the primary target area of the Krumkon Trend.

The carrying value of the exploration and evaluation assets is considered with reference to the reserve and resource estimates and their valuation which was independently assessed on 13 December 2007 updated for changes in commodity prices. The resource estimates were updated on 9 December 2013, with the 2014 programme consisting of activities to update the reserve estimates.

(Amounts in '000s US Dollars)

VAT Receivable

The capitalised exploration and evaluation costs include VAT receivable of US$538,000 (2012: US$538,000).

6. TRADE AND OTHER PAYABLES

	31 December 2013	31 December 2012
Accruals and other payables	123	119
	123	**119**

7. INVENTORIES

	31 December 2013	31 December 2012
Fuel	73	91
Other materials and supplies	196	133
	269	**224**

8. DERIVATIVE FINANCIAL ASSET

	31 December 2013	31 December 2012
Derivative financial asset	8,225	5,787
	8,225	**5,787**

The Company enters into financing agreements with Lanstead Capital L.P ("Lanstead") which include an equity swap price mechanism for 75% of the shares issued. All of the voting rights are transferred on the date of the transaction with the consideration received over a 24 month period. The actual consideration receivable will vary to the extent that the actual share price is greater or lower than the reference point. As the consideration is variable depending upon the Company's share price, the agreement is treated as a derivative financial asset and re-valued through the income statement with reference to the Company's share price.

	Actual share price	Lanstead 2	Lanstead 3	Lanstead 4	Total
Number of unpaid shares outstanding at 31 December 2011	9.75p	13,281,250	-	-	**13,281,250**
Inception of new instruments	8p	-	45,525,000	-	**45,525,000**
Number of shares paid up		(10,156,250)	(7,587,500)	-	**(17,743,750)**
Number of unpaid shares outstanding at 31 December 2012	**8.725p**	**3,125,000**	**37,937,500**	**-**	**41,062,500**
Inception of new instruments	9.67p	-	-	51,724,139	**51,724,139**
Number of shares paid up		(3,125,000)	(16,675,000)	(1,000,000)	**(20,800,000)**
Number of unpaid shares outstanding at 31 December 2013	**6.93p**	**-**	**21,626,500**	**50,724,139**	**71,986,639**

(Amounts in '000s US Dollars)

	Lanstead 2	**Lanstead 3**	**Lanstead 4**	**Total**
Value of derivative at 31 December 2011	2,001	-	-	**2,001**
Inception of new instruments	-	7,666	-	**7,666**
Cash received during the year	(1,028)	(604)	-	**(1,632)**
Finance expense (note 14)	(1,128)	(685)	-	**(1,813)**
Loss on revaluation at 31 December 2012	595	(1,030)	-	**(435)**
Value of derivative at 31 December 2012	**440**	**5,347**	**-**	**5,787**
Inception of new instruments	-	-	6,140	**6,140**
Cash received during the year	(285)	(2,081)	(44)	**(2,410)**
Finance expense (note 14)	(367)	(658)	(116)	**(1,141)**
Gain/(loss) on revaluation at 31 December 2013	212	(179)	(184)	**(151)**
Value of derivative at 31 December 2013	**-**	**2,429**	**5,796**	**8,225**

9. OTHER RECEIVABLES

	31 December 2013	**31 December 2012**
VAT receivable	62	55
Other receivables	126	275
	188	**330**

Other receivables represent prepayments and annual fees paid in advance under the normal course of business.

10. TAXATION

	31 December 2013	**31 December 2012**
Current tax – BVI Corporation tax	-	-
Current tax - Russian Corporation tax	-	-
Current tax charge	-	-
Factors affecting tax charge for the year:		
Group loss on ordinary activities before tax	(3,831)	(3,998)
	(3,831)	(3,998)
Tax charge at the BVI corporation tax rate of 0% (2012: 0%)	-	-
Effects of:		
Difference in overseas tax rate	304	230
Non-deductible expenses	(39)	(77)
Enhanced tax deductions	80	40
Tax losses carried forward for offset against profits of future periods	(345)	(193)
Total tax charge for the year	-	-

During the exploration and development stages, the Group will accumulate tax losses which may be carried forward. As at 31 December 2013, the subsidiary in Russia had tax losses carried forward at average rate of US$7,136,000 (2012: US$5,409,000) which are available for use over a 10-year period. Of the total available Russian subsidiaries' tax credits, US$1,727,000 will be available until 31 December 2023, US$1,190,000 will be available until 31 December 2022, US$2,382,000 will be available until 31 December 2021, US$746,000 will be available until 31 December 2020, US$642,000 will be available until 31 December 2019 and US$449,000 will be available until 31 December 2018.

(Amounts in '000s US Dollars)

The tax losses arising in the current and prior periods will reduce the Group's tax liability in the future and give rise to deferred tax assets. The Directors believe that it would not be prudent to recognise such tax assets before such time as the Group generates taxable income. Hence, no tax asset has been recognised.

11. SHARE CAPITAL AND RESERVES

	Issue of shares	Issue Price	Authorised Capital	Issued and fully paid up	Share Capital US$
1 January 2012			**500,000,000**	**278,575,179**	**32,264,615**
6 February 2012	Lanstead 3	8p		60,700,000 6,070,000	7,665,682
28 February 2012	Institutional Investors	8p		7,810,000	971,564
31 December 2012			**1,000,000,000**	**353,155,179**	**40,901,861**
22 April 2013	Directors	7.68p		375,463	43,830
25 July 2013	Lanstead 4	7.25p		68,965,518 5,896,551	7,675,000
25 July 2013	Institutional Investors	7.25p		2,758,623	327,460
31 December 2013			**1,000,000,000**	**431,151,334**	**48,948,651**

On the 6 February 2012, the Company raised £4.9 million (US$7.7 million) through the issue of 60.7 million new shares at a placing price of 8p per share (note 8). Further 6.07 million new shares in February 2012 were issued to satisfy commissions of the fund raising.

On the 28 February 2012, the Company raised £624,800 (US$971,500) through the issue of 7.8 million new shares at a placing price of 8p per share to private investors.

On the 22 April 2013 the Board of Directors opted to use a portion of their Directors' fees and salary to purchase 375,463 new ordinary shares at the price of 7.68 pence based on the 19 April 2013 closing price, the last trading day prior to the purchase.

On the 25 July 2013, the Company raised £5.2 million (US$8 million) through the issue of 71.1 million new shares at a placing price of 8p per share. A further 5.9 million new shares were issued to satisfy commissions of the fund raising.

All of these shares have been admitted to the AIM market of the London Stock Exchange plc.

Group reserves comprise the following:

Share capital
Amounts subscribed for share capital at proceeds received.

Share premium account
The share premium account represents the amounts received by the Company on the issue of its shares which was in excess of the nominal value of the terms of the shares prior to the shares being changed to having no par value.

Share options reserve
The balance held in the share options reserve relates to the fair value of the share options that have been charged to the profit or loss since adoption of IFRS 2.

(Amounts in '000s US Dollars)

Foreign currency translation reserve
The foreign currency translation reserve includes movements that relate to the retranslation of the subsidiaries whose functional currencies are not the US$.

Retained deficit
Cumulative net gains and losses recognised in the statement of comprehensive income less any amounts reflected directly in other reserves.

12. SHARE BASED PAYMENTS

a) Options Granted

During the period ended 31 December 2013 a total of 2,294,500 previously outstanding and fully vested options expired resulting in a reclassification of US$164,000 in the Options Reserve (2012: US$549,000). During 2013 a total of 18.2 million new options were granted to key management and personnel at a value of US$871,000 (2012: nil).

As of 31 December 2013 the following options and warrants were outstanding:

Grant Date	Expiry Date	Number of shares as at 1 January 2013	New shares granted during the year	Share expired during the year	Number of shares as at 31 December 2013
5 March 2008	5 March 2013	700,000	-	(700,000)	-
2 July 2008	2 July 2013	300,000	-	(300,000)	-
18 April 2011	18 April 2016	10,360,000	-	(220,000)	10,140,000
23 April 2013	23 April2018	-	18,200,000	(1,074,500)	17,125,500
		11,360,000	**18,200,000**	**(2,294,500)**	**27,265,500**

The fair value of the new options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions on which the options were granted. The fair value is based on the following assumptions:

Share Price	7.3p
Exercise price	8.7p
Expected volatility	86%
Option life	5 years
Expected dividends	0
Risk free rate	1.25%

The current price is the price at which the shares can be sold in an arm's length transaction between knowledgeable, willing parties and is based on the mid-market price on the grant date. The expected volatility is based on the historic performance of Amur Minerals shares on the Alternative Investment Market of the London Stock Exchange. The option life represents the period over which the options granted are expected to be outstanding and is equal to the contractual life of the options. The risk-free interest rate used is equal to the yield available on the principal portion of UK government issued Gilt Strips with a life similar to the expected term of the options at the date of measurement.

There are no market conditions associated with the share option grants. The total expense recognised in the profit and loss during the year arising from outstanding options is US$871,000 (2012: US$201,000).

(Amounts in '000s US Dollars)

b) Shares for services

As stated in notes 8 and 11, during the year the Company issued 5.9 million (2012: 6.0 million) new shares to Lanstead in settlement of their commissions. The shares were valued at the face value of amounts payable under contracts for services, or the net amount of commission owed for share placings.

	31 December 2013	31 December 2012
Shares issued	5,896,551	6,070,000
Value of share issued US$ '000	668	784

13. ADMINISTRATIVE EXPENSES

	31 December 2013	31 December 2012
Salaries, wages and Directors' fees	837	806
Travel and subsistence expenses	202	194
Professional fees	314	370
Investor relations	146	164
Foreign exchange differences	(49)	(93)
Share options grant	871	201
Other administrative expenses	218	108
	2,539	**1,750**

14. FINANCE EXPENSE

	31 December 2013	31 December 2012
Foreign exchange loss	(4)	10
Finance expense on Lanstead swap arrangement (note 8)	1,145	1,803
	1,141	**1,813**

15. PROFIT/(LOSS) PER SHARE

Basic and diluted loss per share are calculated and set out below. The effects of warrants and share options outstanding at the year ends are anti-dilutive and the total of 27.2 million (2012: 11.4 million) of potential ordinary shares have therefore been excluded from the following calculations:

	31 December 2013	31 December 2012
Net loss for the year	(3,831)	(3,998)
Weighted average number of shares used in the calculation of basic loss per share	387,227,252	345,146,217
Basic and diluted loss per share	**US$(0.009)**	**US$(0.012)**

(Amounts in '000s US Dollars)

16. DIRECTORS REMUNERATION

The aggregate remuneration of the Directors of the Company was as follows:

	Basic Salary	Fees	**Year Ended 31 December 2013**	Year ended 31 December 2012
Executive Directors				
Robin Young	253	-	253	238
Non-Executive Directors				
Robert Schafer	-	47	47	40
Brian Savage	-	40	40	35
	253	**87**	**340**	**313**

The following tables show the beneficial interests of the Directors who held office at the end of the year in the ordinary shares of the Company and the interests of the Directors in share options:

Shares	Shares held at 1 January 2013	Additions	Disposals	**Shares held at 31 December 2013**
Robert W. Schafer	146,969	103,653	-	250,622
Robin J. Young	1,587,160	184,176	-	1,771,336
Brian C. Savage	93,749	87,634	-	181,383

Options	Exercise Price	Options held at 1 January 2013	Options expired/lapsed during the year	Options granted during the year	**Options held at 31 December 2013**	Normal exercise dates
Robert W. Schafer	£0.12675 ($0.20)	2,400,000	-	-	2,400,000	18.04.11 to 18.04.16
Robert W. Schafer	£0.087 ($0.14)	-	-	1,950,000	1,950,000	23.04.11 To 23.04.18
Robin J. Young	£0.12675 ($0.20)	3,600,000	-	-	3,600,000	18.04.11 to 18.04.16
Robin J. Young	£0.087 ($0.14)	-	-	7,800,000	7,800,000	23.04.11 To 23.04.18
Brian C. Savage	£0.12675 ($0.20)	1,600,000	-	-	1,600,000	18.04.11 to 18.04.16
Brian C. Savage	£0.087 ($0.14)	-	-	1,950,000	1,950,000	23.04.11 To 23.04.18

$ exercise prices are shown for indicative purposes only, calculated at 31 December 2013 exchange rates.

17. COMMITMENTS

Operating lease commitments
The Group leases various offices and other buildings under cancellable operating lease agreements. The leases have varying terms, and renewal rights and are immaterial to the Group.

Capital commitments
There were no material contracted commitments for capital purchases as at 31 December 2013 (2012: Nil). On 24 May 2013 the Company received formal notification that Rosnedra has completed the calculation of the one-time payment of 24.6 million Roubles (approximately US$751,000) to convert a portion of its

(Amounts in ‘000s US Dollars)

exploration licence to a mining licence. This amount is payable within 30 days of the formal grant of the licence.

18. RELATED PARTIES

For the purposes of these financial statements, entities are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In addition, other parties are considered to be related if they are under common control. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Details of transactions between the Group and related parties are disclosed below.

Compensation of Key Management Personnel

Key management personnel are considered to be the Directors and senior management of the Group

	31 December 2013	31 December 2012
Salaries and fees	517	511
Share-based payment	611	-
	1,128	**511**

19. FINANCIAL INSTRUMENTS

Financial instruments
The Group is exposed to risks that arise from its use of financial instruments. The main purpose of these financial instruments is to raise and utilise finance in the Group’s operations.

The principal financial instruments used by the Group are as follows:

	31 December 2013	31 December 2012
Loans and receivables at amortised costs		
Cash and cash equivalents and other receivables	2,518	2,323
Financial assets at fair value through profit or loss		
Derivative financial asset	8,225	5,787
Financial liabilities held at amortised costs		
Trade and other payables	123	119

The main risks arising from the Group’s financial instruments are interest risk, liquidity risk and currency risk. The Directors review and agree policies for managing these risks and these are summarised below.

Liquidity risk
The Group manages its operations through equity and seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Management monitors rolling forecasts of the Group’s and Company's liquidity reserve. The review consists of considering the liquidity of local markets, projecting cash flows and the level of liquid assets to meet these. Management raises additional capital financing when the review indicates this to be necessary.

(Amounts in '000s US Dollars)

The contractual maturities of the Group's financial liabilities are shown in the table below:

Group 2013	**Carrying amount**	**Contractual cash flows**	**6 months or less**
Trade and other payables	123	123	123
	123	123	123

Group 2012	**Carrying amount**	**Contractual cash flows**	**6 months or less**
Trade and other payables	119	119	119
	119	119	119

Credit risk
The credit risk on liquid funds is limited because the counterparties are banks with credit ratings assigned by international credit rating agencies.

The Group's maximum exposure to credit risk by class of individual financial instrument is shown in the table below:

Group	**2013**		**2012**	
	Carrying value	**Maximum exposure**	**Carrying value**	**Maximum exposure**
Other receivables	126	126	275	275
Cash and cash equivalents	2,392	2,392	2,048	2,048
Derivative financial asset	8,225	8,225	5,787	5,787
	10,743	10,743	8,110	8,110

Fair values
The fair values of the Group's cash in banks, prepayments and accounts payable are considered equal to the book value as they are all short term.

The derivative financial asset is measured subsequent to initial recognition at fair value by reference to the Company's share price and grouped into Levels 1 to 3 based on the degree to which the fair value is observable

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Amounts in '000s US Dollars)

Level 2 fair value measurements at 31 December 2013

	Derivative financial asset	
	31 December 2013	**31 December 2012**
Opening balance	5,787	2,001
Additions	6,140	7,666
Repayment	(3,551)	(3,445)
Net gains/(losses) recognised in income statement	(151)	(435)
Closing balance	**8,225**	**5,787**

As the consideration is variable depending upon the Company's share price, the derivative financial asset is revalued through the income statement with reference to the Company's closing share price. The valuation methodology and inputs are described in note 8.

Interest rate risk
The Group finances its operations through equity financing to alleviate the interest rate risk. The interest rate exposure of the financial assets of the Group as at 31 December 2013 related wholly to floating interest rates in respect of cash at bank. Cash at bank in interest bearing accounts was held in demand accounts with one-month maturities throughout the year. This policy was unchanged from 2012.

The Group is exposed to cash flow interest rate risk from its deposits of cash and cash equivalents with banks. The cash balances maintained by the Group are managed in order to ensure that the maximum level of interest is received for the available funds but without affecting working capital flexibility.

The Group is not currently exposed to cash flow interest rate risk on borrowings as it has no debt or fixed rate finance leases. No subsidiary of the Group is permitted to enter into any borrowing facility or lease agreement without the Company's prior consent.

Currency risk
The Group undertakes certain transactions denominated in foreign currencies hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters by holding bank deposits in Russian Roubles, US Dollars and Pound Sterling (GBP).

Management reviews its currency risk exposure periodically and hedges part of its exposure to the US dollar by buying and holding on deposit GBP. The Group also hold Roubles in order to cover a proportion of anticipated Rouble expenditures. As at 31 December 2013 the Group had on deposit approximately US$2,189,000 in GBP (2012: US$1,854,000) and US$171,000 in Rouble (2012: US$118,000) bank accounts.

An analysis of the Group's holdings of financial instruments in various currencies at the year end is as follows:

	31 December 2013		
	Denominated in		
	USD	RUR	GBP
Cash and cash equivalents	32	171	2,189
Derivative financial asset	-	-	8,225
Payables and accruals	(3)	(40)	(80)
Net Exposure	29	131	10,334

	31 December 2012		
	Denominated in		
	USD	RUR	GBP
Cash and cash equivalents	76	118	1,854
Derivative financial asset	-	-	5,787
Payables and accruals	(13)	(32)	(74)
Net Exposure	63	86	7,567

(Amounts in '000s US Dollars)

The main financial risk faced by the Group relates to currency risk exposure due to its Rouble based costs for exploration works. The Company's functional currency and financing is the USD, and therefore if the Rouble strengthens its positions against the USD, this has a negative impact on the Group. Given the unpredictability in currency exchange rates movement, this exposure can give rise to a material change (either favourable or unfavourable) in the future.

The following table details the Group's sensitivity to a 10% increase and decrease in the USD against the Russian rouble and sterling. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Rouble Impact		**Sterling Impact**	
	2013	2012	2013	2012
Profit or loss	17	12	219	185

In the Directors' opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year. Rouble denominated expenditures is seasonal with higher volumes in the second and third quarters of the financial year.

20. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital (i.e. share capital, share premium and retained deficit) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders.

The principal strategy of the Group to maintain the capital structure is to issue new shares.

The Group currently does not have any borrowings and none is planned in the next twelve months.

21. EVENTS AFTER THE REPORTING DATE

Settlement of Lanstead 4 value payment
In January 2014 the Company settled the outstanding value payment for the 25 July 2013 placing with Lanstead. Under the agreement the Company had a value payment obligation of 1,000,000 new shares within 12 months of the placing, or to pay the placing price equivalent of £75,000. The Board opted to pay the placing price value.